

Memorandum

To: Panel Members Date: December 13, 2001

From: Creighton Chan, Manager
Peter DeMauro, General Counsel File: nova100.130agr

Subject: Final Agreement for **City of Sunnyvale on behalf of the NOVA and San Mateo County Workforce Investment Boards/EDD Techforce Initiative (SET)<100**
www.novapic.org

CONTRACTOR:

- Multiple Employer: Workforce Investment Board
- Training Project Profile: SET-Workers Earning at Least State Avg Hrly Wage
Retraining: companies with out-of-state competition
- Legislative Priorities: Stimulating Exports / Imports
Locating into or expansion within California
Displaced/Potentially Displaced Workers
Promotion of California's Manufacturing Workforce
- Type of Industry: Various Industries
- Repeat Contractor: Yes
- Union Representation: No
- Name and Local Number of Union
representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$496,400
- Substantial Contribution: \$0
- Multiple Employer Support (8%) \$34,340
- Total ETP Funding: \$530,740
- In-Kind Contribution: \$892,800
- Maximum Contractor Charge: 0 per trainee
- Reimbursement Method: Fixed-Fee

- County(ies) Served: Statewide
- Duration of Agreement: 24 Months

TRAINING PLAN:

- Average Cost Trainee: New Hire: \$0 Retrainee: \$1,327
- Type(s) of Training: Computer Skills
- Number to be retained: New Hire: 0 Retrainee: 400
- Range of hours: 40-120
- Prevalent hourly wage: \$16.00
- Range of hourly wages: \$11.54 to \$50.00
- Health benefits used to meet ETP minimum wage: Yes. Health benefits may be applied to the base wage to meet the ETP minimum hourly wage for each county.

SUBCONTRACTORS:

- University of California, Santa Cruz -Extension (Cupertino, California) for an amount to be determined for Computer Skills classroom training;
- Mission College (Santa Clara, California) for an amount to be determined for Computer Skills classroom training;
- Foothill-DeAnza Community College (Cupertino, California) for an amount to be determined for Computer Skills classroom training;
- San Mateo Community College District (San Mateo, California) for an amount to be determined for Computer Skills classroom training; and
- San Jose/Evergreen Community College (San Jose, California) for an amount to be determined for Computer Skills classroom training.

THIRD PARTY SERVICES: None.

NARRATIVE:

This project will use funds from the set aside of \$10 million approved by the Panel at its June 2001 meeting to support the Employment Development Department's Career Ladders and Information Technology (IT) or Techforce initiatives. This was the first proposal for an IT project serving underemployed workers at small businesses employing fewer than 100 employees. Training for trainees in Job Numbers 1 through 4 will be funded under regular retraining funds for companies facing out-of-state competition. Training for trainees in Job Numbers 5 through 8 will be funded by Special Employment Training (SET) funds as allowed under Unemployment Insurance Code, Section 10214.5

NARRATIVE: (continued)

(a)(1). These funds support training for frontline workers in occupations that pay 95 percent of the state average hourly wage in businesses difficult to serve under the Panel's standard project format.

This program will be implemented by NOVA, a government-funded employment and training agency administered by the City of Sunnyvale (serving as the Contractor). NOVA is part of a seven-city consortium under the direction of the NOVA Workforce Board (WIB). Partnering with NOVA's Workforce Board will be the San Mateo Workforce Investment Board. Approximately eleven cities including San Mateo, Redwood City, Sunnyvale, Cupertino, Mountain View, Los Altos, Santa Clara, Palo Alto, Milpitas, Menlo Park, and East Palo Alto would be served under this project. Both Workforce Investment Boards are comprised of approximately 40 members representing private sector employers, local governments, educational institutions, labor unions, and community based agencies and support organizations.

The NOVA Workforce Board will provide 400 incumbent California workers of small businesses employing 100 or fewer employees with advanced information technology skills. The final curriculum includes coursework in network management, Wide Area Network (WAN) engineering, information technology management, system administration for both Microsoft and UNIX systems, WEB and Internet systems engineering and design, software engineering and management for various applications, programming languages, project management, and e-commerce security systems. Occupations for those to be trained include, but are not limited to, various information technology staff persons, computer technicians, field service technicians, telecommunications technicians, and system administrator staff.

Training will be a combination of classroom and laboratory training provided by either company trainers and/or vendor trainers drawn from the private and public sector. This Contractor plans to use the local community colleges as the primary training provider. However, based on employer needs, other entities such as the University of California and California State University Extension services, and private, California-based vendors, may be used to provide training. The range of training hours per trainee will be 40-120 classroom/laboratory hours. No SOST is funded under this Agreement.

All training will be customized to each participating employer's needs. The two Workforce Investment Boards will direct their staff to meet with each small business to assess the information technology skills needed and find the appropriate training vendor if expert in-house staff and/or training facilities are unavailable at the worksite. The curriculum has been customized to meet the participating employers needs and is not comprised of generic, off-the shelf courses currently available at community colleges and other training vendors.

Participating employers for trainees in Job Numbers 1 through 4 will be companies that meet the Panel's out-of-state competition eligibility requirements. Employers of trainees enrolled in Jobs 5 through 8 (SET Frontline Workers) will be ETP-eligible private sector employers. SET trainees must be front-line workers as defined by the Panel and must meet the required wage of \$19.24 per hour by the completion of the 90-day retention period. All participating employers must be small businesses employing 100 or fewer employees and as defined in Unemployment Code, Section 4400(w) which states that a company may not be considered a small business if it is a subsidiary corporation.

NOVA will conduct all administration and support services under the Agreement.

NARRATIVE: (continued)

Employer Demand

The basis of this retraining effort is EDD labor market information and the work of the Governor's Information Technology Initiative which supports high demand for employees skilled in information technology skills. This retraining need is especially critical for small businesses that often lack the resources to develop and implement training for only one or two workers at a time. Even with the employment losses in the dot.com and technology industries in the San Francisco Bay Area, EDD has found that small businesses are still hiring and employing IT personnel who they may not have been able to hire and retain during the previous growth period for dot com and other large employers. In order for these small businesses to survive in the current economy, it is vital that the skills of their workers remain competitive with the most recent start-of-the-art computer technology.

By assessing each employer's training needs and bringing employers together with similar needs, NOVA will be able to link multiple small businesses with qualified training organizations to deliver comprehensive and customized training programs during work hours. Employers will be recruited and identified through the partnership of the two WIB's, the economic development department of each city, and the respective Chamber of Commerces. The Contractor has provided a listing of a core group of small business employers willing to participate in the project who are ETP eligible.

Justification of Costs

The proposed cost per trainee averages \$1,327 including allowable support and administrative costs which is significantly less than the ETP average cost of \$2,840. Funding for all class/lab training hours in this proposal is calculated at \$18.25 per hour for the training of employees at small businesses with less than 100 full-time employees. The \$18.25 hourly rate is based on a survey of costs submitted by local community colleges requesting \$15.50 per training hour and the allowable 15 percent administrative fee for NOVA. The 8 percent support costs have been added to the \$18.25 hourly rate. The use of a different hourly reimbursement rate is allowed under Section 10206.(a) of the Panel's Legislation which states: "The Panel may modify the specific requirements of this paragraph as they apply to employers or contractors proposing projects that involve training for a significant number of small employers in the same project." Since all participating employers will be small businesses as defined by the Panel, this project meets that standard.

In addition, based on the Panel's approval of the Proposed Agreement, training is not restricted to the employer site, but may also occur at vendor sites, allowing the Contractor to serve the needs of multiple small employers under the Techforce training plan design. Most small employers lack the physical space, training expertise, training materials, and lab environments at the worksite to conduct IT training. By aggregating the employees of multiple small businesses and conducting training at an off-site training facility, training can be delivered in a cost effective means (a trainer to trainee ratio of 1:20 or less), by trainers with expertise, and with training materials such as textbooks not available at the typical small business worksite.

This model will serve as a demonstration project to determine if allowing training for employees of small employers at the vendor site will increase small business participation and access to ETP retraining funds while providing greater opportunities for classroom/laboratory information technology training to a large number of small employers and their workers who are currently underserved by ETP.

NARRATIVE: (continued)

Supplemental Nature of Training and Employer In-Kind Contribution

Each participating employer must complete a certification statement outlining the supplemental nature of the training, the employer's commitment to training, and their in-kind contribution. It is expected that the Contractor will serve small businesses that have been unable to provide state-of-the-art computer skills training to its employees because of limited resources, the high cost of training only one or two employees, and the inaccessibility of customized training. Thus, this training will be supplemental. The estimated employer in-kind contribution will be \$892,800 in trainee wages while in training and in the cost of lost production time. Thus, the final Agreement provides for an employer contribution that is at least 100% of the ETP-funded amount.

COMMENTS:

Classes will be comprised of 100 percent ETP trainees.

A union support letter will be obtained from any participating employer signatory to a collective bargaining agreement prior to any employee starting ETP-funded training under this program.

It is expected that training conducted by community colleges under this proposal will be contract education that is customized to employer's needs. The Average Daily Attendance (ADA) funds will not be generated.

PROPOSED ACTION:

This project was approved as a Proposed Agreement by the Panel at its September 26, 2001 meeting contingent upon the submission and approval of the following documents:

- a Primary Contractor Certification Statement (PCCS) including the methodology for determining each employers in-kind contribution amount;
- a Board Resolution;
- a final curriculum;
- an ETP 100B listing the core group of participating employers who meet the Panel's small business definition; and
- a listing of subcontractors or training vendors for the initial phase of the program.

The Contractor has met all contingencies. The only significant change that has occurred between the Final and Proposed Agreement is that the Final Agreement amount of \$530,740 is slightly less than the Proposed Agreement amount of \$581,620. This change reflects the final reimbursement rate of \$18.25 per hour rather than the \$20 per hour used in the proposal. The Contractor has also recalculated the estimated employer in-kind contribution to be \$892,800 rather than the original estimate of \$435,200. This new calculation reflects the use of a more realistic average wage to determine the wages paid to trainees while in training. The in-kind amount now meets the Panel policy for required employer contributions for a multiple employer contractor (MEC).

Staff recommends that the Panel approve the Final Agreement. This recommendation is based on the Contractor's goal to assist California workers gain information technology skills to secure year-round, well-paying jobs, to gain skills in demand by area employers, and provide workers with career advancement opportunities in information technology. In addition, this project will assist small businesses with less than 100 employees to remain competitive and keep their workers employed during the current economic climate.

Training Data									(c) Payment Schedule				
1	2	3	4	5 (a) Cls/Lab Video- conf. Hours	6 CBT Hours	7 (b) SOST Hours	8 Cost Per Trainee	9 Total SOST Trainer Hrs.	10 Hrs. to Enroll/ Pay 1 Enroll	11 Pay 2 Compl	12 Pay 3 Hired	13 Pay 4 After 90 Days	14 (d) Wage After Reten- tion
Job #	Occupations	Type of Training	No. Retain										
1 687	Information Technology Staffperson, Computer Technician, Field Service Technician, Telecommunications	Multiple-Employer											
	Technician	Retrainees <i>Computer Skills</i>	100	40 40			\$780		8	\$ 195.00	\$ 390.00	\$ -	\$ 195.00 *\$11.54 - \$50.00
2 687	Information Technology Staffperson, Computer Technician, Field Service Technician, Telecommunications	Multiple-Employer											
	Technician	Retrainees <i>Computer Skills</i>	100	60 60			\$1,171		8	\$ 292.75	\$ 585.50	\$ -	\$ 292.75 *\$11.54 - \$50.00
3 687	Information Technology Staffperson, Computer Technician, Field Service Technician, Telecommunications	Multiple-Employer											
	Technician	Retrainees <i>Computer Skills</i>	80	80 80			\$1,561		8	\$ 390.25	\$ 780.50	\$ -	\$ 390.25 *\$11.54 - \$50.00
4 687	Information Technology Staffperson, Computer Technician, Field Service Technician, Telecommunications	Multiple-Employer											
	Technician	Retrainees <i>Computer Skills</i>	40	120 120			\$2,342		8	\$ 585.50	\$1,171.00	\$ -	\$ 585.50 *\$11.54 - \$50.00

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Training Data									(c) Payment Schedule				
1	2	3	4	5 (a) Cls/Lab Video- conf. Hours	6 CBT Hours	7 (b) SOST Hours	8 Cost Per Trainee	9 Total SOST Trainer Hrs.	10 Hrs. to Enroll/ Pay 1 Enroll	11 Pay 2 Compl	12 Pay 3 Hired	13 Pay 4 After 90 Days	14 (d) Wage After Reten- tion
Job #	Occupations	Type of Training	No. Retain										
5	SET Frontline Worker Information Technology Staff Person, Computer Technician, Field Service Technician, Telecommunications	Multiple-Employer											
683	Technician	Retrainees	20	40			\$780		8	\$ 195.00	\$ 390.00	\$ -	\$ 195.00
		Computer Skills		40									*\$19.24 - \$50.00
6	SET Frontline Worker: Information Technology Staff Person, Computer Technician, Field Service Technician, Telecommunications	Multiple-Employer											
683	Technician	Retrainees	20	60			\$1,171		8	\$ 292.75	\$ 585.50	\$ -	\$ 292.75
		Computer Skills		60									*\$19.24 - \$50.00
7	SET Frontline Worker: Information Technology Staff Person, Computer Technician, Field Service Technician, Telecommunications	Multiple-Employer											
683	Technician	Retrainees	20	80			\$1,561		8	\$ 390.25	\$ 780.50	\$ -	\$ 390.25
		Computer Skills		80									*\$19.24 - \$50.00

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Training Data									(c) Payment Schedule				
1	2	3	4	5 (a) Cls/Lab Video- conf. Hours	6 CBT Hours	7 (b) SOST Hours	8 Cost Per Trainee	9 Total SOST Trainer Hrs.	10 Hrs. to Enroll/ Pay 1 Enroll	11 Pay 2 Compl	12 Pay 3 Hired	13 Pay 4 After 90 Days	14 (d) Wage After Reten- tion
Job #	Occupations	Type of Training	No. Retain										
SET Frontline Worker: Information Technology Staff Person, Computer Technician, Field Service Technician, Telecommunications													
8	Technician	Multiple-Employer Retrainees	120	120			\$2,342		8	\$ 585.50	\$1,171.00	\$ -	*\$19.24 - \$50.00
683		Computer Skills		120									

Program Cost		\$496,400	Total to be Retained	400
Substantial Contribution (___%)	(-)	\$0		
Multiple-Empl. Support (8%)	(+)	\$34,340		
TOTAL ETP Funding	(=)	\$530,740		

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Turnover Rate	% of Mgrs. & Sups. to be trained		Health Benefits Inc. in Wage?		
*20%	N/A		Yes		

*Turnover Rate:

A participating employer's turnover rate for full-time employees at the site where training will occur during the previous calendar year shall not have exceeded 20% annually, unless the employer provides information that the rate is an anomaly. A turnover rate of 20-50% maybe be acceptable; however, the retention period must be increased to 180 calendar days.

Location of training: Training will occur either on participating employer premises and/or approved vendor sites during work hours or on company time.

Ratios: The ratio of trainers to trainees for class/lab shall not exceed 1:20 for retrainees.

*If Health Benefits is "YES", please explain: Employer-paid health benefits (medical, dental, and vision) may be added to the base hourly wage to meet the standard ETP minimum hourly wage of \$11.54 and the SET frontline workers minimum wage of \$19.24 for Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, and Santa Cruz Counties.

Other notes: The Contractor must not enroll or use ETP funds to train any senior level managers or executive staff who set company policy.

FINAL PLACEMENT FOR ALL JOBS MAY EXCEED THE NUMBER TO BE RETAINED AS INDICATED IN COLUMN 4. HOWEVER, THE TOTAL AMOUNT FOR REIMBURSEMENT SHALL NOT EXCEED THE TOTAL FUNDS AVAILABLE FOR ALL THE JOBS WHEN COMBINED.

Training for Small Business Only: All trainees must be employed by a small business employing 100 or fewer full-time employees as defined in Regulation 4400 (w).